

# CHARTER FOR THE INTEGRATED PRODUCT TEAM ON THE USE OF THE GOVERNMENT PURCHASE CARD

## I. Background

The Department of Defense (DoD) acquisition system is governed by a complex web of laws, regulations, and policies, adopted for laudable reasons over many years. While each rule individually has (or had) a purpose for its adoption, it may add little or no value to the product itself. These rules, especially if applied narrowly without consideration of the specific circumstances, can prevent the system from operating efficiently.

DoD should advocate balancing the risk associated with reducing oversight and the cost to both industry and the government of ensuring compliance. Costs to ensure compliance must be balanced against overall benefits achieved. The acquisition system should ensure that the government does not incur undue business risk, and that sufficient controls are in place to maintain high public confidence in the system. Concurrently, the system must not be overly complex and burdensome; otherwise it will not be responsive to the needs of its users.

One mandate of the National Performance Review is to streamline the acquisition process and reduce administrative costs and other burdens which the procurement process imposes on the Federal Government and the private sector. To that end, proper use of the government purchase card to simplify small purchases, and effect payments should minimize the paperwork burden for both the government and private sectors.

## II. Authority

The Under Secretary of Defense (Acquisition & Technology) directed the OUSD(AR) to establish an integrated product team (IPT) to promote the use of the government purchase card for (1) micro purchases, (2) as a payment vehicle for purchases over the micro-purchase card for threshold, and (3) as method for inter/intra-departmental transfers/sales of goods/services. The team will include representatives from the Office of the Secretary of Defense (OSD), the Military Departments, and Defense Agencies. The team will reflect a broad acquisition and financial management perspective. As required, additional functional, technical support, and coordination will be provided from appropriate offices.

## III. Purpose

The team will conduct a comprehensive review, and develop recommendations to promote the use of the purchase card. The team will develop proposed policy statements where DoD policy is necessary. The team shall be guided in its efforts by

the following general goals:

- ▶ promote the use of the purchase cards for micro-purchases, payments and inter/intra-departmental transfers/sales;
- ▶ provide appropriate flexibility for use of the purchase card;
- ▶ ensure that the procedures are responsive to customer needs and are timely;
- ▶ balance the need for a particular policy or procedure to protect or further the government's interest with the need for efficiency and cost savings;
- ▶ encourage proactive risk management rather than blind risk avoidance, while ensuring that the government does not incur undue risk;
- ▶ eliminate non-value added activities;
- ▶ ensure that oversight (both internal and external), ensures compliance with enunciated policies or requirements and is performed in the least intrusive manner, consistent with the protection of the public trust; and
- ▶ ensure that recommendations fully preserve the letter and spirit of the Small Business Act and other socioeconomic statutes.

#### IV. Roles and Responsibilities

A. Board of Directors. The Board of Directors of the IPT will be the Acquisition Reform Senior Steering Group (ARSSG). The Board will review the progress of the IPT periodically and will review and approve the findings and recommendations of the IPT. All members of the ARSSG will forward copies of any regulations, policy manuals, or other guides for which they are the proponent to the OUSD(AR) by March 7, 1996.

B. Teams. The Deputy Under Secretary of Defense (Acquisition Reform) will provide a facilitator for the team. The facilitator will be responsible for assisting the team in task accomplishment, management of team activities, and reporting. The Military Departments, Defense Acquisition University (DAU), Defense Finance and Accounting Service (DFAS), Inspector General (IG) and other Defense Agencies will provide to the team full-time functional experts and advisors in one or more of the following functional areas:

- ▶ Contracting Officer
- ▶ Small Business
- ▶ Program Management
- ▶ Logistics
- ▶ Government Property

- ▶ Contractor/vendor Payment and Accounting
- ▶ General Counsel
- ▶ Other Functional Areas, as appropriate

Additional representatives from industry, academia, OSD, and other interested parties may be consulted for ideas and comments. Any travel required of team members will be funded by their parent organization.

## V. Task Objectives

A. Preliminary Guidelines: Initially, the team will investigate the following specific areas/issues and make recommendations for process reengineering:

- ▶ Identify current DoD purchase card practices/usage;
- ▶ determine whether such practices promote the use of the purchase card for micro-purchases, for purchases over the micro-purchase threshold, and for inter/intra-departmental transfers/sales within the DoD;
- ▶ determine whether a centralized DoD policy on the use of purchase cards is appropriate. If appropriate, recommend the policy, how it should be managed, and by whom It should be managed; and
- ▶ examine and make recommendations regarding Service-unique rules, regulations, policies, and formats with an aim toward selecting best-available practices for use by all DoD components;

B. Analysis Framework: The team will recommend procedures to re-engineer the process for using the government purchase card for micro-purchases, for payments over the micro-purchase threshold, and for inter/intra agency transfers/sales within the Department. Recommendations should establish mechanisms to foster efficiency and enhance customer support. The Team shall pursue the general goals outlined in Part III while seeking to:

- ▶ eliminate unnecessary bureaucratic procedures and layers of review and approval;
- ▶ alter the way in which the government performs oversight of the process; and
- ▶ decentralize decision-making to the lowest practical level and empower people to be innovative in continually seeking to improve the procurement process.

C. Procedures Identification/Implementation: The tasks outlined below, and any others deemed appropriate, shall provide the basis for recommendations:

- ▶ identify methods to encourage early customer involvement in the micro=purchase process;
- ▶ make recommendations regarding the reduction or elimination of non-value-added activities;
- ▶ identify equivalent commercial procurement practices in the areas being studied;
- ▶ address the potential impact (cost-time-performance-personnel) of the team's recommendations on the infrastructure of involved acquisition organizations;
- ▶ identify alternative approaches that are consistent with the current laws and supportive of the goals as outlined In Part III of this Charter;
- ▶ recommend the best option for implementing the proposed policy, and identify the ease or difficulty of its adoption;
- ▶ outline any new legislative, regulatory, policy, or administrative changes required to implement proposed options;
- ▶ develop measures of the efficiency of the changes in order to track progress;
- ▶ develop specific implementation plans, tasking, and milestone schedules relevant to each proposed reform initiative/policy; and
- ▶ develop a process for follow-up to ensure the changes are institutionalized. In particular, identify incentives and other mechanisms to ensure changes to, and compliance with, the new processes and procedures are working. Also, develop an organizational structure to monitor and facilitate implementation.

## VI. Schedule

A. The team will start this effort not later than March 11, 1996.

B. The team will complete its analysis and provide an interim report to the Acquisition Reform Senior Steering Group (ARSSG) and to the DUSD(AR) within 30 calendar days after effort begins. A draft final report will be forwarded to the ARSSG within 60 calendar days after effort begins for review and approval. A final report and recommendations, with implementing documentation, will be provided to the DUSD(AR) no later than 90 calendar days after the team begins its work. The final report will be given to USD(A&T) for approval.